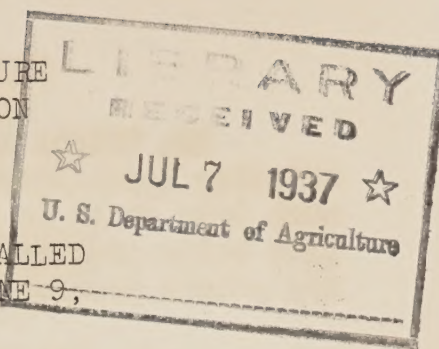


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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.



MINUTES OF MEETING OF PEANUT GROWERS CALLED
BY AMERICAN FARM BUREAU FEDERATION, JUNE 9,
RALEIGH HOTEL, WASHINGTON, D.C.

1. The meeting was presided over by President O'Neal and called to order at 10:20 a.m.

2. The following persons were present:

E. A. O'Neal	Chicago, Illinois	Pres. American Farm Bureau Fed.
F. R. Wilcox	Washington, D. C.	Dir. Div. Mktg., Agr. Adj. Adm.
Lawrence Myers	Washington, D. C.	Chief, Mktg. Sec., Agr. Adj. Adm.
W. R. Minor	Washington, D. C.	East Central Div., Agr. Adj. Adm.
A. M. Dickson	Washington, D. C.	Mktg. Section, Agr. Adj. Adm.
A. C. Mathews	Gates, N. C.	Farmer
M. C. Lilley	Gates, N. C.	Farmer
J. H. East	Churchville, Va.	Sec. Virginia Farm Bureau Fed.
W. H. Dougherty	Blacksburg, Va.	Extension Service
Clifton Kirkpatrick	Montgomery, Ala.	Exec. Sec. Ala. Farm Bureau Fed.
B. B. Everett	Palmyra, N. C.	Halifax County Farm Bureau
E. L. Norton	Jackson, N. C.	Northampton County Farm Bureau
E. D. Alexander	Athens, Georgia	Extension Service
J. B. Fearing	Windsor, N. C.	Farmer
H. S. Ellis	Garysburg, N. C.	Farmer
E. P. Gullledge	Jackson, N. C.	Farmer and County Agent
B. D. Stephensen	Pendleton, N. C.	Farmer
E. F. Arnold	Raleigh, N. C.	Sec. N. Carolina Farm Bureau Fed.
Martin Kellogg	Sunbury, N. C.	Farmer
John H. Kerr	Washington, D. C.	Member Congress
K. N. Ellis	Petersburg, Va.	Ext. Mktg. Spec., Va. Poly. Inst.
J. W. Freeman	Waverly, Va.	County Agent
F. C. Moore	Suffolk, Va.	County Agent
W. T. Parker	Homeville, Va.	Farmer
E. S. Askew	Windsor, N. C.	Farmer
W. S. Spruill	Plymouth, N. C.	Farmer
H. F. Hall	Washington, D. C.	American Farm Bureau Fed.

3. Mr. O'Neal presented Mr. F. R. Wilcox, Director of the Division of Marketing, Agricultural Adjustment Administration, who outlined in a general way what could be done under existing law to assist growers during the approaching peanut marketing season.

4. Mr. Wilcox stated that in his judgment peanut growers should begin to work now on their 1938 program with regard to acreage diversion under the Soil Conservation Act. He dealt only briefly with this subject, and pointed out that representatives of the East Central Division and Southern Division would go into more detail regarding acreage adjustments.

Mr. Wilcox next explained the use of Section 32 funds under the existing Agricultural Adjustment Act. He expressed the opinion that much help could be afforded the growers at the time of harvesting the crop being produced in 1937. In discussing possible programs, the following points were made by Mr. Wilcox:

(a) In any peanut marketing or peanut diversion program, the Agricultural Adjustment Administration would prefer working with growers when practicable, rather than with processors or others. This might be done through a growers' cooperative association, or through a growers' non-profit corporation, organized for the purpose of handling surplus peanuts.

(b) Such association or corporation could acquire at the time of harvest a part of the peanut crop, such part to be held through as much of the marketing season as necessary, and to be released into channels of trade and consumption as the market could take it without breaking the price. If, toward the end of the season, it was apparent that the market would not take the surplus thus held, then such peanuts could be diverted into the manufacture of oil and meal. For this purpose the Secretary is in position to use Section 32 or other funds to aid the growers.

Mr. Wilcox then stated the reasons for such suggestions, as follows:

(a) In addition to the desire of the Administration to work with growers rather than with handlers in carrying out a diversion program, an advantage would accrue to the growers in that it would give them definite control of their product at the time of harvest when it is most needed. It was pointed out that it is the surplus at that time which is most damaging to price stability.

(b) Such program with a grower organization in control of a quantity of the production would enable them to meet trade demands three or six months hence if such develop, and the growers themselves would get the benefit of such demand and its effect on prices rather than handlers.

(c) It was pointed out that the Government could not continue to make payments for diverting low grade peanuts into oil when the facts are that such peanuts would be used for crushing in any event.

(d) It is highly desirable that a grower organization be formed with which the Department can negotiate any surplus control programs which might be proposed.

5. President O'Neal recommended that the peanut growers present give serious study to the above proposals. In addition, he stated that the Soil Conservation and Domestic Allotment Act could be used as a basis for obtaining whatever diversion of acreage may prove necessary in support of such surplus control programs. He pointed out also that diverted acres under the proposed Agricultural Adjustment Act of 1937 could not

be planted in peanuts, as such matters would be subject to regulation by the Secretary under the contracts.

6. Mr. Wilcox then discussed the financing of surplus removal by a cooperative association or by a corporation; namely, if a cooperative association should be organized, financing would be available from the Farm Credit Administration; and if a corporation were organized, financing would be available from the Commodity Credit Corporation or from private bankers. He pointed out that the financial soundness of such loans definitely would be supported by the Government's willingness to remove surpluses which might cause the loans to be bad risks, provided the organization features were firmly founded on sound business principles. Mr. Wilcox stated that the Government would not insist this year on a grower sign-up to such a program, but that he believed it desirable for the growers to work toward such an end. In illustration, he pointed out that the Government is now working with grower organizations in dealing with surplus tobacco and prunes.

7. President O'Neal suggested that subsidiaries of State Farm Bureaus might be used to act in the States, and that they might be coordinated under a general committee working under the Farm Bureau to carry out such a program.

8. In further explanation Mr. Wilcox pointed out that the grower organizations could remove a quantity of peanuts from regular trade channels at harvest time, and hold them; then later in the marketing season, if the market would take them the organization could release the peanuts into the channels of trade for consumption. He emphasized that the greatest danger was in getting prices too high with the accompanying effects of increasing production abnormally and affecting consumption adversely. Such a condition would be too great a burden on the Federal Treasury to assume. However, if the program is within reasonable bounds, and in the event the surplus doesn't move, funds made available under Section 32 could be used to cover the losses incurred in such a surplus removal program. The growers would not be financially responsible in any way through their organization. It was pointed out that the prune programs have worked in two successive years and that the growers are asking for a third program which is now being formulated.

9. Mr. Clifton Kirkpatrick of Alabama stated that in his opinion peanut farmers would fare better if left out of the proposed Agricultural Adjustment Act of 1937, than if included within its provisions.

10. President O'Neal pointed out that if the door were opened so as to allow peanuts to be named a major agricultural commodity, then the same would have to be done for soybeans and possibly other commodities which might seek to come under its terms.

11. After moving to the English Room the discussion proceeded and was participated in freely by the growers present, by representatives of the Department, and by President O'Neal. The following points were cleared up during the discussion:

(a) Mr. Minor, of the Department, advised that a statement made earlier to the effect that peanuts might be left out of the soil conservation program was erroneous. He stated that the question which had been raised in conference was whether peanuts should be included in the general soil depleting base, or whether a separate base should be established for them. He reported that the conclusion had been to establish a separate base for peanuts.

(b) Mr. Myers, of the Department, again reviewed the proposal of the Government with respect to controlling surplus peanuts, and stated that it was the desire of the Government to work with farmers instead of with processors. A farmer should have the responsibility in the program and know why it works and how; that in working with processors, the farmers might like the result obtained, but they would not know how results were obtained; and more particularly, they would not be able to obtain the benefits of an increasing demand for peanuts, a benefit which should be put to the advantage of the growers rather than the processors. Unless the growers were organized, however, it would be impossible for them to take advantage of any increase in demand for their product. In the event the object of such a diversion program was to afford the growers price protection that would accrue to them through having removed the surplus from the market. Mr. Myers then presented figures on the acreage of peanuts, as follows:

<u>Year</u>	<u>Acres Planted</u>	<u>Acres Harvested</u>
1926	1,520,000	843,000
1930	1,881,000	1,133,000
1933	2,350,000	1,345,000
1935	2,550,000	1,642,000
1936	2,701,000	1,744,000

(c) Mr. East, of Virginia, reported that his offhand judgment was favorable to the idea suggested by the Government men, and stated that he thought it would fit in with the Farm Bureau organization in his State. He also indicated that he thought the program could be coordinated between his State and the other States involved. He pointed out the need of financing the program, and that they were not in a position to offer any financial help.

(d) Mr. Arnold, Secretary of the North Carolina Farm Bureau Federation, indicated that peanut growers, in his judgment, wanted a price figure to be set by the Government around which to center a control and marketing program like that being planned for other commodities.

(e) Mr. Myers then pointed out the dangers of getting the price of peanuts out of line with the prices of other commodities because, in such an event, they would not move into market channels as readily and the program would become too expensive and too cumbersome. He also pointed out a very definite relation between the price of cotton and acreage planted in peanuts. As cotton prices

rise, it appears that the acreage planted to peanuts does not increase at nearly as rapid a rate as when prices of cotton are declining or are at a low level; and conversely high prices on peanuts in turn encourage and cause a substantial increase in acreage planted in peanuts. He pointed out that the soil conservation programs could have a material effect in influencing acreage planted to peanuts.

(f) Mr. Dickson discussed the supply and distribution of peanuts in previous years. He pointed out that the domestic production of farmers' stock peanuts, which virtually constituted the supply since imports were negligible, in 1935 was approximately 656,000 tons, and in 1936 was approximately 650,000 tons. In both years approximately 100,000 tons of farmers' stock peanuts were consumed on the farm as seed, feed or food, and wastage; and around 90,000 to 100,000 tons were crushed for oil. Since exports were negligible, this left around 450,000 to 460,000 tons of farmers' stock peanuts shelled or disposed of to the edible trade.

12. A number of resolutions were made and carried as follows:

(a) Motion, Mr. Askew: That the meeting go on record in favor of a \$15,000 appropriation for Federal and State experimental work in peanut culture, and that the Department of Agriculture be asked to recommend such an appropriation. The motion was seconded by Mr. Fearing and carried unanimously.

(b) Motion, by Mr. Everett: That the Secretary of Agriculture be asked to maintain for peanuts a separate base under the Soil Conservation and Domestic Allotment Act. The motion was seconded by Mr. Kirkpatrick and carried unanimously.

(c) Motion, by Mr. Askew: That the Secretary of Agriculture be given a vote of confidence of peanut growers for programs they have been accorded in the past; that the growers have every confidence they will be treated fairly by the Department of Agriculture in programs needed for the future; and that we thank the Department of Agriculture for their cooperation and the information and suggestions which they have supplied the growers. The motion was seconded by Mr. Everett and carried.

(d) Motion, by Mr. Kirkpatrick: That we, as representatives of peanut growers, urge the Congress in this session to consider and pass the proposed Agricultural Adjustment Act of 1937. The motion was seconded by Mr. Everett and carried.

(e) Motion, by Mr. Everett: It is agreed:

1. That in the States of Virginia, North Carolina, and Alabama, the respective State Farm Bureau Federations will promote non-profit producer organizations to handle peanut diversion programs.

2. That cooperation and assistance will be given to the organization of similar corporations or associations in other States producing peanuts.

3. That each State organization will designate a member to serve on a general coordinating committee to work with the Secretary of Agriculture and Commodity Credit Corporation in order to unify and coordinate the programs in the several states to the end that the producer organizations will function effectively to help stabilize peanut prices and the incomes of peanut producers. The motion was seconded and carried unanimously.

13. The meeting adjourned sine die.